



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



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PPSTA EXITS CONSERVATORSHIP

On 30 August 2022, Insurance Commissioner Dennis Funa lifted the conservatorship status of the Philippine Public School Teachers Association (PPSTA) on account of its compliance with the Minimum Guaranty Fund and Risk Based Capital (RBC) ratio requirements.

Results of the verification of PPSTA's Annual Statement as of 31 December 2020 showed that it was compliant with the Minimum Guaranty Fund requirement of ₱12.5 million as provided in Insurance Memorandum Circular (IMC) No. 2006-002 dated 24 April 2006.

Likewise, PPSTA's RBC ratio of 402% is compliant with the ratio prescribed under IMC No. 11-2006 dated 8 December 2006.

Verification of PPSTA's Annual Statement as of 31 December 2020 showed that the Association had Total Admitted Assets amounting to ₱7.02 billion and Total Liabilities amounting to ₱4.46 billion, which leaves a Total Members Equity of ₱2.57 billion.

"Notwithstanding the lifting of the conservatorship status of PPSTA, it remains subject to continuing compliance with the statutory and regulatory requirements of this Commission for mutual benefit associations (MBAs)," said Commissioner Funa.

"Upon its exit from conservatorship, this Commission will be monitoring PPSTA's observance of the Code of Corporate Governance for Insurance Commission Regulated Companies (CCG-ICRC) and the implementation of its digitalization program and its rationalization plan," he added.

The CCG-ICRC was adopted through Circular Letter No. 2020-71 dated 13 June 2020 and intended to raise the corporate governance standards of the IC's regulated entities to a level at par with its regional and global counterparts. The CCG-ICRC was promulgated considering the latest G20/Organisation for Economic Co-operation and Development Principles of Corporate Governance, the Association of Southeast Asian Nations Corporate Governance Scorecard, and the Code of Corporate Governance for Publicly Listed Companies issued by the Securities and Exchange Commission (SEC).

PPSTA's digitalization program aims to improve its operational efficiency through the acquisition of new information technology (IT) equipment, systems migration, strengthening of IT security, and the IT training of its personnel. Meanwhile, the

Association's rationalization plan aims to improve the efficiency of its services to its teacher-members by eliminating operational redundancies and overlaps and the overall improvement of its systems and procedures.

PPSTA was placed under conservatorship in April 2005 due to its insurance reserve deficiencies. From a negative RBC ratio of -24% as of 2013, the Association's RBC ratio grew to 336% as of 2019 and to 402% as of 2020, which is more than triple of the required minimum RBC ratio of 125%. From a Total Members Equity of negative (-) ₱115.77 million as of 2013, PPSTA's Total Members Equity as of 2020 amounted to ₱2.57 billion.

PPSTA's present Conservator, Atty. Nasser A. Marohomsalic, was appointed by this Commission on 3 January 2018.

Established on 5 April 1947, PPSTA is the biggest and foremost professional association of public school teachers in the Philippines with more than 200,000 teacher-members under the employ of the Department of Education (DepEd), including administrators, supervisors, classroom teachers, non-teaching support personnel. PPSTA serves as a financial security provider for Filipino public school teachers through its retirement, life insurance, and loan programs.



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